

NEW APPLICATION
ORIGINAL
Picacho Water Company
9532 E. Riggs Road
Sun Lakes, AZ 85248



AZ CORP COMMISSION
DOCUMENT CONTROL

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RECEIVED

Arizona Corporation Commission
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APR 15 2005

DOCKETED BY

April 14, 2005

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

W-03528A-05-0281

Re: **Docket No. W-03528A-05**
Application to Extend Water Certificate of Convenience and Necessity (CC&N)

Dear Sir or Madam:

Picacho Water Company (PWC or Company) has a water CC&N to provide service to the approximately 3,000 acre age-restricted Master Planned Community of Robson Ranch in Pinal County. In March 2005 PWC expanded its water CC&N to include an additional 1,205 acres which represents a portion of the adjacent planned area development called EJR Ranch. Utilities affiliated with PWC through overlapping principals and management provide water and wastewater service to approximately 30,000 customers in Arizona.

The Company is seeking to extend its water CC&N to an additional 1,138 adjoining acres which includes the remaining portion of EJR Ranch and an additional approximately 160 acre parcel that will become a part of the EJR Ranch development. The owners of Robson Ranch, EJR Ranch and PWC are affiliated through overlapping principals and management, and find it desirable to have the entire developments served by PWC. Another affiliate, Picacho Sewer Company, has a CC&N to provide sewer service to the Robson Ranch and EJR Ranch developments. The Robson Ranch and the EJR Ranch developments will benefit from a consolidated water provider that is integrated with the sewer provider.

PWC is currently serving construction water in the Robson Ranch area. The developer in the extension area is in the process of applying for a Certificate of 100 Year Assured Water Supply from the Arizona Department of Water Resources and is expecting water service in March 2006 with service to permanent customers commencing in October 2006. Given the need for water service and the benefits to the developments of

Docket Control
April 14, 2005
Page 2

consolidated water service and integrated water and sewer utilities, it serves the public interest for the Arizona Corporation Commission to grant the extension of the water CC&N that is requested by PWC in this application.

PWC proposes that it charge its current rates and charges to the customers in the extension area.

The water franchise from Pinal County for the extension area has been applied for. Notice of the application will be sent to the owners of the property in the extension area as well as to the owners of the property in the existing area. A copy of the notice is attached in Exhibit 4. A copy of the property owner's request for water service from PWC is attached as Exhibit 5.

An original and 13 copies of the application are submitted.

Sincerely,



Jim Poulos

JP:th

ARIZONA CORPORATION COMMISSION

APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

Picacho Water Company

9532 E. Riggs Rd.

Sun Lakes, AZ 85248

(480) 895-4251

B. The name, address and telephone number of management contact is:

Jim Poulos

9532 E. Riggs Rd.

Sun Lakes, AZ 85248

(480) 895-4251

C. List the name, address and telephone number of the operator certified by the Arizona
Department of Environmental Quality:

David Voorhees

24607 S. Price Rd.

Sun Lakes, AZ 85248

(480) 895-5009

D. List the name, address and telephone number of the attorney for the Applicant:

Peter Gerstman

9532 East Riggs Road

Sun Lakes, AZ 85248 (480) 895-4297

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation) See Exhibit 1

2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation) Not Required

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. See Exhibit 2

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors. See Exhibit 3

H. Attach a current balance sheet and profit and loss statement. See Exhibit 6

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 600 Second Year 1,200 Third Year 1,800 Fourth Year 2,400

Fifth Year 3,000

Commercial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Other: (specify)

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential:

First Year 78,000,000 Second Year 156,000,000 Third Year 234,000,000
Fourth Year 312,000,000 Fifth Year 390,000,000

Commercial:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

First Year \$357,000 Second Year \$699,000 Third Year \$1,041,000
Fourth Year \$1,383,000 Fifth Year \$1,725,000

- **Complete Attachment "D" (Water Use Data Sheet) for the past 13 months**
Exhibit 7

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year \$296,000 Second Year \$624,000 Third Year \$916,000

Fourth Year \$1,233,000 Fifth Year \$1,550,000

J. Total estimated cost to construct utility facilities to serve customers in the requested area:

\$2,500,000

K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Debt and/or equity - Application for financing

approval to be filed later.

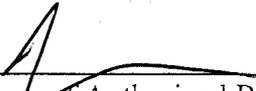
L. Estimated starting and completion date of construction of utility facilities:

Starting date Winter 2006 date Winter 2010 Completion

M. Attach the following permits:

1. Franchise from either the City or County for the area requested. Applied for - to be late filed.
2. Arizona Department of Environmental Quality or designee's approval to construct facilities. Not yet issued.
3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A
5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of, either the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources. Not yet issued.
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.


(Signature of Authorized Representative)

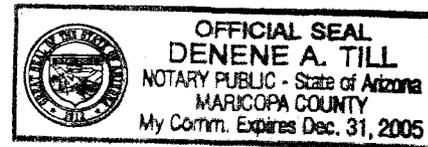
Jim Poulos
(Print or Type Name Here)

V.P.
(Title)

SUBSCRIBED AND SWORN to before me this 14 day of April, 2005


NOTARY PUBLIC

My Commission Expires 12/31/05



STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****PICACHO WATER COMPANY*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 22, 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 13th Day of April, 2005, A. D.



EXECUTIVE SECRETARY

BY:

[Handwritten signature]
[Handwritten signature]

Exhibit 2

Legal Description

Addition to Picacho Water Company CC&N

April 11, 2005

Parcels of land located in Sections 26, 27 and 28, Township 6 South, Range 7 East, Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

PARCEL 1

Beginning at the North Quarter Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'14"E, a distance of 2,655.73 feet to the Northwest Corner of said Section 26;

THENCE along the North line of said Section 26, N89°50'59"E, a distance of 2,655.02 feet to the North Quarter Corner of said Section 26;

THENCE along the North-South Midsection Line of said Section 26, S00°17'26"W, a distance of 2,675.42 feet to the center of said Section 26;

THENCE along the East-West Midsection Line of said Section 26, N89°57'54"W, a distance of 2,654.88 feet to the West Quarter Corner of said Section 26;

THENCE along the East-West Midsection Line of said Section 27, S89°52'13"W, a distance of 2,657.09 feet to the Center of said Section 27;

THENCE along the North-South Midsection Line of said Section 27, N00°19'09"E, a distance of 2,661.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 14,168,342 square feet or 325.26 acres, more or less.

PARCEL 2

Beginning at the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection Line, N00°34'17"E, a distance of 2680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°41'26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

Legal Description

Addition to Picacho Water Company CC&N (Cont.)

April 11, 2005

THENCE along the north line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the south line of the southwest quarter of said Section 27, S89°59'00"W, a distance of 2,658.47 feet to the southwest corner of said Section 27;

THENCE along the south line of the southeast quarter of said Section 28, S89°38'30"W, a distance of 2,666.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 28,281,191 square feet or 649.25 acres, more or less.

PARCEL 3

Beginning at the Center of said Section 28;

THENCE along the south line of the northwest quarter of said Section 28, S89°47'30"W, a distance of 2,665.39 feet to the west quarter corner of said Section;

THENCE along the west line of the northwest quarter of said Section, N00°55'27"E, a distance of 2,705.65 feet to the northwest corner of said Section;

THENCE along the north line of the northwest quarter of said Section, S89°40'08"E, a distance of 2,648.50 feet to the north quarter corner of said Section;

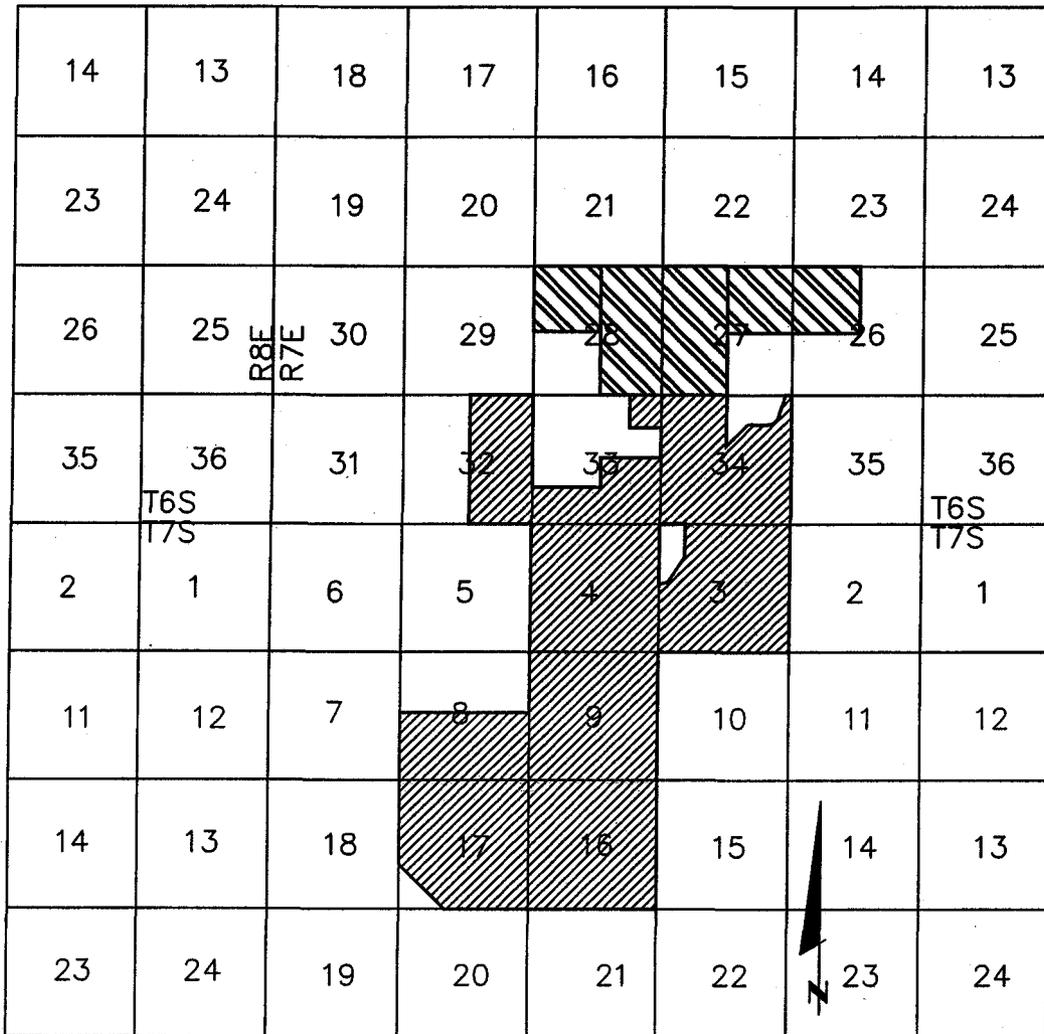
THENCE along the east line of the northwest quarter of said Section 28, S00°34'17"W, a distance of 2,680.43 feet to the POINT OF BEGINNING.

The above-described parcel contains 7,154,629 square feet or 164.25 acres, more or less.

The aggregate area of the above described three parcels is 49,604,162 square feet or 1,138.76 acres, more or less.



Exhibit 3



PICACHO WATER CO CC & N AREA



PICACHO WATER CO CC & N EXPANSION AREA

**PICACHO WATER CO CC & N
APRIL, 2005**

Exhibit 4

Cornman Tweedy 560, LLC
Attn: Steve Soriano
9532 East Riggs Rd.
Sun Lakes, AZ 85248

Re: PUBLIC NOTICE OF AN APPLICATION FOR AN EXTENSION
OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
By Picacho Water Company

Dear Mr. Soriano:

Picacho Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are either a property owner in the existing certificated area or are a property owner in the proposed extension area. If the application is granted, Picacho Water Company would be the exclusive provider of water service to the proposed area. Picacho Water Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street and at Picacho Water Company, 9532 East Riggs Road, Sun Lakes, Arizona 85248.

The Commission will hold a hearing on this matter. As a property owner, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

Sincerely,

Jim Poulos

Soriano007.doc

Exhibit 4

Sun Lakes Casa Grande Development, LLC
Attn: Steve Soriano
9532 E. Riggs Road
Sun Lakes, AZ 85248

Re: PUBLIC NOTICE OF AN APPLICATION FOR AN EXTENSION
OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
By Picacho Water Company

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Sincerely,

Jim Poulos

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Cornman Tweedy 560, LLC
9532 East Riggs Rd.
Sun Lakes, AZ 85248

April 7, 2005

Mr. Jim Poulos
9532 East Riggs Rd.
Sun Lakes, AZ 85248

Dear Mr. Poulos:

This letter constitutes a formal request by Cornman Tweedy 560, LLC, a Delaware limited liability company ("Cornman"), for Picacho Water Company to provide water service to the real property located in Pinal County, Arizona, more particularly described as the East Half and the Northwest Quarter of Section 28, the West Half and the Northeast Quarter of Section 27, and the Northwest Quarter of Section 26, all in Township 6 South, Range 7 East, Gila and Salt River Base and Meridian (the "Property"). Cornman desires for Picacho Water Company's Certificate of Convenience and Necessity to be extended to include the Property.

Sincerely,

CORNMAN TWEEDY 560, LLC,
a Delaware limited liability company

By Arlington Property Management Company,
an Arizona corporation, its Manager

By 
Its CHAIRMAN

Exhibit 6

PICACHO WATER COMPANYBALANCE SHEET
DECEMBER 31, 2004*In thousands*ASSETS

| | |
|--|-----------------|
| PLANT IN SERVICE AND UNDER CONSTRUCTION, net | \$ 1,463 |
| CURRENT ASSETS: | |
| Cash | 119 |
| Service customers receivable | 26 |
| Total current assets | 145 |
| | <u>\$ 1,608</u> |

LIABILITIES AND CAPITALIZATION

| | |
|---------------------------|-----------------|
| CURRENT LIABILITIES: | |
| Accounts payable | \$ 12 |
| Accrued liabilities | 23 |
| Total current liabilities | 35 |
| DEFERRED INCOME TAXES | 22 |
| Total liabilities | 57 |
| CAPITALIZATION | 1,551 |
| | <u>\$ 1,608</u> |

PICACHO WATER COMPANY

STATEMENT OF INCOME
FOR THE PERIOD FROM INCEPTION (AUGUST 15, 2004) TO
DECEMBER 31, 2004

In thousands

REVENUE:

Construction water sales \$ 189

EXPENSES:

Salaries and employee benefits 43

Electricity 18

Repairs and maintenance 3

Chemicals 1

Other expenses 1

66

Income before depreciation, interest and taxes 123

Depreciation 17

Interest expense 1

Income tax expense 29

NET INCOME \$ 76

WATER USE DATA SHEET

| | |
|---|--|
| NAME OF COMPANY <u>Picacho Water Company</u> | |
| ADEQ Public Water System No. <u>11-135</u> | |

| MONTH/YEAR (Last 13 Months) | <u>NUMBER OF CUSTOMERS</u> | GALLONS SOLD (Thousands) |
|--------------------------------|----------------------------|--------------------------|
| In Service 8/15/04 | | |
| August 04 | 1 | 35,525 |
| September 04 | 1 | 3,029 |
| October 04 | 1 | 16,089 |
| November 04 | 1 | 7,875 |
| December 04 | 1 | -0- |
| January 05 | 1 | 1,170 |
| February 05 | 1 | 60 |
| | | |
| | | |
| | | |
| | | |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|------------------------------------|----------------|--|---|
| 1,000,000 | 1 | 55-567966 | 1,800 |
| | | 55-567967 | 2,500 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

| | |
|--|---------------|
| Other Water Sources in Gallons per Minute <u>-0-</u> | <u>GPM</u> |
| Fire Hydrants on System <u>-0-</u> | Yes No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) | <u>63,748</u> |